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THE OPIUM REVENUE.

SIR WILLIAM MUIR'S MINUTE

AND

OTHER EXTRACTS FROM PAPERS

PUBLISHED BY THE CALCUTTA GOVERNMENT;

ALSO

Extracts from Parliamentary Papers.

Compiled for the information of Members of Parliament.

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THE ANGLO-ORIENTAL SOCIETY FOR THE SUPPRESSION OF THE
OPIUM TRADE,

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1875.

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THE OPIUM REVENUE.

MINUTE BY THE HONOURABLE SIR WILLIAM MUIR
ON THE TAXATION OF MALWA OPIUM AND THE
REVENUES DERIVED FROM OPIUM IN GENERAL.

DATED 22ND FEBRUARY, 1868.

1. At one of the discussions in Council on the Ways and Means for the coming year, I ventured to inquire whether the pass duty for Malwa and Ahmedabad opium could not be raised beyond Rs. 600. It was replied that Bombay and the Central India Agency had both objected to any enhancement, and declared the trade unequal to bear it. I have consequently been led to inquire into the subject, and the Financial Secretary has kindly supplied me with the correspondence. After a careful perusal of it, I have failed to discover any principle or standard upon which the pass duty is fixed.

2. It seems to me that, in an accidental and arbitrary way, after some fluctuation, the duty was permitted to rest at Rs. 600 per chest. No apparent reason can be assigned for its not being raised, except that Malwa and Bombay would object; and none for its being reduced, except that the trade seems to flourish under it.

3. Now Rs. 600 may be a very appropriate rate, but it would be satisfactory to have some standard by which to test it. Assuming also that it is at present suitable, under what conditions would it be liable to variation? What would constitute a valid ground on which Western India could claim a reduction, or the Supreme Government an enhancement? Is the price fetched at the Calcutta sales the proper standard, or the China price current? and if either, then by what calculation? Or are we to look to the extension or contraction of the growth of the poppy in Western India, and the export from Bombay? And if this be the correct index, how is the danger to be avoided of destroying the trade, and creating derangement and misery in Malwa, by the neglect to apply a timely remedy.

4. An examination of the correspondence between Bombay and the Government of India in 1860, when the duty was raised from

Rs. 400 to 600 and 700, and finally left at Rs. 600, may help to answer these questions-

5. It will be useful first to note the various rates which have ruled from time to time the export duty from Western India. They are as follows :—

Period.	Pass Duty per Chest.	No. of Chests exported.
Prior to 1835 . . .	Rs. 175	} From 8,000 to 16,000 annually.
1835 to 1842 . . .	125	
1843 to 1845 . . .	200	
1845 to 1847 . . .	300	
1848 to 1858 . . .	400	} Gradually increased to about 34,000 annually.
1859 . . .	500	
1860 . . .	600	} Annual average about 35,000 chests, including Ahmedabad.
1861 . . .	700	
1862 and subsequently	600	

6. In 1859, the Government of India, adverting to the short supply of opium from Bengal, and the rise of prices at Calcutta, resolved to enhance the duty from Rs. 400 to 600, but, “as a cautious step,” took only Rs. 500 in the first year. The supply being in 1860 still short, and prices continuing high, the Government proposed to increase the duty to Rs. 700.

7. The Agent Governor General, Sir R. Shakespear, urged that, in consideration of the interests of our allies, the increase should be limited to Rs. 600.

8. The Bombay Government made a strong reclamation against any increase above Rs. 500. Not distinguishing the profits of speculation from the cost of production, they gave the cost price as Rs. 800 per chest, which with the duty of Rs. 500 raised the price to Rs. 1300, and left little or no scope for the trade. Bombay had dark anticipations from any increase of the duty :—

“At present the opium trade on this side of India is said by parties likely to be well informed to be a losing and unprofitable one, owing to the cost of opium before shipment being so high that the prices ruling in China leave no margin of profit.” The expenses of the middle-men, of the carriage to Bombay, and of the strong guard required on the road (now to a great extent obviated by the railway), are adverted to. The Bombay Government strongly deprecated any increase; the rate “could not be raised without very great risk to the trade and to the revenue. The effect of the increase would be a considerable diminution, or probably the entire stoppage of the opium trade of the Presidency.” These anticipations have been falsified by the result. The trade has gone on undiminished with a duty of Rs. 600, and in one year of Rs. 700.

9. In raising the pass duty to Rs. 600, the Governor General in Council observed that if the price of a chest of opium at Bombay really was Rs. 800, it simply proved the realization of enormous profits somewhere between the cultivator, middle-men, and exporters. In 1854, Sir R. Hamilton had estimated the cost at Rs. 375, the price paid to the cultivator per chest, and Rs. 118 to the middle-men and manu-

Resolution dated 4th June, 1860.

facturer, or in all Rs. 493, to which must be added a certain margin as cost of transmission, insurance, profit of speculation, &c. "Since that time there has not been any reduction in the cultivation of Malwa opium. On the contrary, the cultivation, it is well known, has gone on largely increasing, and as the selling price at Bombay has also largely increased, the inference would appear plain that immense profits must have been realized before the drug has reached the exporter."

10. Then as to the effect of raising the duty, it was shown that while there had been little expansion prior to 1847, the year in which the duty was raised from Rs. 300 to 400, the export rose in the following ten years from 20,000 to 30,000 chests; "thus showing that it is not to the amount of duty alone that we must look, but rather to the combined effect of duty and selling price for the extent of cultivation."

11. Instead of the trade being, as alleged by Bombay, precarious and uncertain, the figures seemed to the Government of India "to afford evidence of a highly prospering trade," which flourished even when Bengal supplied its 46,000 chests a year, and the profits of which must therefore, on the provision from Bengal declining, have been enormous. "If with prices at about Rs. 1000 per chest, the trade flourished and expanded under a duty of Rs. 400, there is surely no reason to apprehend that with prices at Rs. 1350 and 1400, a duty of Rs. 600, or even 700, is likely to have the effect of causing a considerable diminution of the trade, far less the entire stoppage of it . . . It is certain that at present a duty of Rs. 600 bears a lower relation to the selling price in Bombay * than the duty of Rs. 400 did in 1854 and 1855.

* Rs. 1410 and 1415 per chest.

12. The justice of the principles laid down in the above despatch is borne out remarkably by the subsequent history of the trade. For Malwa opium has maintained its ground at the enhanced rate, notwithstanding the unnatural expansion of the provision from Bengal which soon followed, and the consequent lowering of prices, although, no doubt, heavy losses were incurred by individual firms in Malwa and Bombay from the derangement and oscillations of the trade caused by the arbitrary glutting of the Calcutta market.

13. In 1864 the house of Sassoon and Co. petitioned that the duty might be reduced from Rs. 600 to 400; and alleged that the cost of the chest at Bombay was between Rs. 1500 and 1600, while the market price in China had never exceeded Rs. 1575, and had often fallen below Rs. 1500. The Government of Bombay in forwarding the appeal submitted that so long as the monopoly in Bengal was maintained, "the average price obtained for Patna opium at the auction sales was the best test for judging whether the rate of duty on Malwa opium was too high or too low." The cost in Malwa (Rs. 493) added to the cost of conveyance and insurance (say Rs. 100), together with the difference, plus or minus, of the price of Malwa opium in China, were the three items which,

according to the Bombay Government, were to be taken from the Calcutta price in order to bring this test to trial. The Government of India rejected the appeal.

14. In 1866 Bombay drew attention to the danger of the Indian revenues from the competition of Turkish and Persian opium. Lieut.-

	Rs.	Colonel Meade was called on to report
Cost of material paid to cultivator	875	on the profits of the trade in Malwa,
Cost of manufacture	105	and submitted the paradoxical statement
Miscellaneous, Brokerage, Profits, Insurance, &c.	104	that the cost of production, together
Duty	600	with duty and charges, amounted
Total	1684	to Rs. 1684 per chest, being a figure
	—	higher than that of the average price in

China. The fact was that, in estimating the costs of production, Colonel Meade had embodied the profits of speculation, which, in the heat of a market stimulated by the uncertainties of the provision at Calcutta, sometimes overshot the prices of China. On this being

Letter dated 20th November, 1866. pointed out to him, he admitted that there must be an error in the account, and allowed "that the business was still a profitable and prosperous one," at least as regards the cultivators and first buyers.

15. In March 1867, the Government of Bombay furnished a return of the export of Malwa opium from 1859 to 1866, and remarked as follows:—"It will be perceived that the quantity of opium exported of late years has increased in some degree, while its price has also somewhat risen; and it might at first sight seem reasonable to conclude that the pass duty at its present rate is not excessive." This, it was observed, "might prove that the demand in China for high-priced opium is somewhat larger than before, and that the power of China to pay for the supply is greater than ever." But at the same time it was urged that the proportion of opium raised in China, or imported from countries other than India, might also be on the increase; and that if the external supply thus stimulated by our high duty overtook the demand, then our opium revenue must collapse. On these grounds Bombay suggested that it "would be only prudent to obtain trustworthy evidence as to the statistics and prospects of consumption in China," with a view to the reduction of our duty, if the inquiry proved that it was too high. In consequence, inquiry was made in May last from the Governor of Hongkong. The reply was a simple reference to the statistics furnished by the authorities in China in 1865, which go to prove that practically India has not, and is not likely to have, any competitor in the market for a popular description of the drug.

16. From this review it would appear that, so long as opium fetches in Calcutta Rs. 1200 per chest, the duty of Rs. 600 can readily be borne by Malwa opium, since "with prices at about Rs. 1000 a chest, the trade flourished and expanded under a duty of Rs. 400." It even seems a question whether, with average prices at Rs. 1300 in Calcutta, the duty might not be raised to Rs. 700, or at least to Rs. 650 per chest.

17. It appears to me very important that some standard should be recognized by which the tension of the duty might be tested from year to year. The real standard in the last resort is no doubt the average price in China. I would submit that the average prices, say, for the two preceding years should be taken, a liberal deduction allowed for cost, profits, and carriage, and the remainder fixed as the standard. If this remainder fell materially below the existing duty, it would be for consideration whether the duty might not be lowered; if it rose materially above it, say by 15 or 20 per cent., there would be a fair case for considering the propriety of enhancement.

18. In estimating the cost of transit and insurance, it is to be remembered that the means and security of transport have lately been greatly increased by the railway.

	Rs.	19. Say, for illustration, that the
* Cost of production and manufacture	500	average price in China is Rs. 1500,
Transit and charges to Bombay, with profits of middle-men	100	then take the aggregate of items to be deducted at Rs. 700;* that would
Profits of speculators, freight to China, and margin, say	100	leave Rs. 800 as the standard, which
Total	700	would be more than 20 per cent.
		above the existing duty of Rs. 600;

and if the China market showed steadiness or tendency to rise, would point to the opportunity for a certain enhancement, say to Rs. 700.

20. If the price in China were Rs. 1300, then, after deducting Rs. 700, the remainder would be Rs. 600, showing that the existing rate was adequate.

21. If it fell to Rs. 1200, that would leave as margin for duty only Rs. 500, indicating the necessity for reduction.

22. In this manner a standard of the nature supposed might be worked.

23. The only objection to this arrangement under existing circumstances is the derangement to which the Malwa market is liable, from the unforeseen action of the Bengal Government in the quantity of opium it brings to market. By increasing its supply of "provision" opium,† it has repeatedly

	Annual average of chests brought to market in Calcutta.
† 1854-56	49,600
1856-58	41,000
1858-60	28,000
1860-61	21,000
1861-63	23,000
1863-64	42,500
1864-65	54,500
1865-66	56,000

caused a glut in the Chinese market, a collapse of prices in India, and extensive bankruptcy and misery in Malwa. The uncertainty so produced has gone a great way towards stimulating the spirit of unsound speculation and gambling which characterizes the trade, and has ruined many a firm in Western India.

24. It is true that the Government now recognize the sounder principle of keeping within a fixed limit, and profess to be content with bringing a moderate quantity to market, and thus maintaining a fair and steady price. But are we sure that this principle will always be soundly worked? I fear not. In 1865 it was admitted, on the cogent arguments of Sir C. Beadon, that 45,000 chests was

the safe annual limit, on no account to be exceeded ; but in 1867 it was proved, on equally cogent arguments, that 48,000 chests might safely be brought to market in all time to come, and the limit was raised accordingly.

25. So long as there is any uncertainty on this head, the pressure of the duty on Malwa opium must fluctuate, the profits of the Malwa and Bombay merchants must be precarious, and a special margin must be allowed for the risks of the capitalists who venture upon the traffic.

26. It is not pretended that any system could prevent great fluctuations of price. The crop is delicate and susceptible of injury ; severe weather and hailstorms may unexpectedly destroy the prospects of a fair harvest. These natural causes must always expose the trade to considerable oscillation of supply and price. But it is not the less necessary to eliminate all other elements of disturbance that depend on the action of Government, and especially the arbitrary increase or decrease of the quantity brought to sale. This is a duty which, apart from all questions of revenue and prices realized in Calcutta, we owe to Malwa and Bombay. Everything should be avoided that tends to unsteady the market.

27. I am the more earnest in seeking that a satisfactory standard should be adopted for the adjustment of the Bombay rate of export duty, because in this course lies the only prospect of superseding the singular, and to my mind objectionable, arrangement under which the Bengal Government monopolizes the growth, manufacture, and sale of the drug. While in the Revenue Board of the North-West Provinces, I ventured repeatedly to bring the subject before Government, and to urge the expediency of substituting for the monopoly a system of export duty. Further consideration strengthens my conviction that an attempt should be made in that direction.

28. I am not insensible to the difficulties surrounding this question. Besides all other risks to the revenue, there is the danger of smuggling. This already exists to some considerable degree.* But if free or licensed cultivation be allowed in Malwa and Bombay without any practical risk of evasion along its extensive sea-board, I cannot see what greater risk there would be in Bengal. The growth of the poppy might still remain prohibited on this side Behar, and further security might be obtained by making the cultivation subject to license, as suggested by the Allahabad Board and Sir R. Hamilton.†

29. The grounds urged by Sir Charles Trevelyan in favour of the pass system, and of a Commission to inquire into the subject, in his Minute dated 12th November, 1864,‡ I submit, are deserving the serious consideration of the Government of India, and I earnestly hope that such a Commission may be constituted at an early date.

* See Report of Inspector of Police in Bengal, dated 17th September, 1867.

† See pp. 4 *et seq.*, and 107 of the printed Collections.

‡ Same Collections, p. 106.

30. The following are some of the points which would be for inquiry and discussion :—

31. *First.*—The principle to be followed in testing the rate of export duty in Western India, or in its periodical adjustment. If Chinese prices be adopted as the basis, then the means for gaining prompt and faithful returns of prices current in the several China markets would come under consideration.

32. *Second.*—Whether the same system might not be introduced into the Bengal Presidency. It might be tried first experimentally in the Benares Agency, including the opium districts of the North-Western Provinces and Oudh. Probably some Calcutta firm would take over the buildings and stock at Ghazee pore, when the purchase, manufacture, and export of the drug were thrown open.

33. *Third.*—The probable financial effect of such a trial; and further what would be the probable financial result if the same system were extended eventually in entire substitution for the Bengal monopoly. Taking the figures in the margin, the present annual export from all India may be set down at 83,000 chests; and this amount, judging by previous experience, will no doubt steadily expand. A duty, then, of Rs. 700 per chest all round would yield close on six millions sterling. The present gross revenue from opium may perhaps be put down at eight and a half millions, with costs of nearly two millions, leaving to Government something above six and a half millions. But the Financial Secretary informs me that the average for the last five years is only seven millions and a quarter gross, or under five and a half millions net; being less than the income under a general duty of Rs. 700 per chest. A duty of Rs. 700 has already been borne by Bombay, and might perhaps be reverted to without risk, *if there were no disturbing action on the part of Bengal*; but it is a question whether, under the present system, we could go higher. If, however, on the abolition of the monopoly, Bengal could bear a higher rate, then of course Bombay and Malwa would have no ground to complain if the same rate were applied to Western India.

34. By imposing a uniform duty for the whole of India, the Government would probably have the Chinese market far more under its command than at present by the double system of a pass duty and a monopoly. The pass duty for all India would regulate the prices which the Chinese will always be prepared to give for a commodity they cannot do without, and which practically India alone can supply.

35. In elucidation of the proper rate of duty, the Commission might inquire into the actual cost of production in Malwa and Ahmedabad, and give an opinion on the margin of profit necessary to prevent, in the fluctuations of the market, any serious check to the trade. Although the Native States are said by the Governor General's Agent not to have increased their direct dues on opium, I apprehend that they may have profited their revenues largely in

Bengal . .	48,000
Bombay . .	35,000
Total . .	<u>83,000</u>

an indirect way, namely, by increasing the rent demanded from the ryots for fields in which the poppy is grown. The practice on this head in Ahmedabad should also be inquired into.

36. *Fourth.*—In connexion with this question of the pressure of the pass duty, is that of the danger to the Indian market by the competition of Chinese or foreign opium. So far as the evidence at present goes, there would seem to be no practical danger from any quarter. But I confess that the evidence is meagre. Although Turkish and Persian opium is said not to be popular, still allegations have of late been made to the effect that a trade in opium is springing up between the Persian Gulf and China, and even that steamers are run for the purpose. The subject, being of such moment to India, should be closely scrutinized.¹

37. *Fifth.*—Whether all charges attendant on the opium business are fairly debited in the accounts of the Bengal Board. The cost used formerly to average about Rs. 300 a chest; from the higher rates now paid to the cultivator with the view of securing a larger crop, the cost has greatly increased, and was in 1861-2 as high as Rs. 420.

In this connexion is to be considered the inconvenience and loss to Government from the locking up of the enormous sums distributed in advance to the cultivators. These are so long in being recovered that, according to Sir Charles Trevelyan, “the greater part of the advances of two years must always be outstanding.” In 1864, the amount thus lent out was estimated at about two millions and three quarters sterling. Besides the inconveniences of the arrangement, and the inability of Government to turn this large capital to other purposes, I understand that the Opium Department is not charged with any interest for the use of the money. It seems to me that full interest should be charged, as the capital would be turned to advantage if not so employed.

38. *Sixth.*—If a trial of the pass system be made in the Benares Agency, it would have to be considered whether the cultivation should be absolutely free, or on licenses, say of from Rs. 3 to 5 per acre. As before observed, I think it very probable that the Native States of Malwa appropriate some portion of the profits of the opium trade in the shape of enhanced rent from the poppy fields; and the proposal being to have a uniform export duty for all India, it would be only fair that our Government should profit in the same way. If the pass duty be sufficiently low to allow of a special rate on poppy cultivation in Native States, it would equally admit of the same in our own districts. I observe that among the expenses of production in Malwa, the land tax is put down at from Rs. 12 to 30 the beegah, say at an average of Rs. 20 the acre (I am not sure, however, of the size of the Malwa beegah); affording a strong pre-

¹ Since writing the above, I have seen the Bombay letter, dated 20th January last, showing that the traffic between Suez and China in Turkish opium is insignificant. The information, however, does not extend to Persian opium said to be carried from the Gulf.

sumption that the Native Governments do, in point of fact, realize by such extra cess a large revenue in this way.

Besides it would only be thus that Government could place bounds to an indefinite expansion of the cultivation. And the license would probably also be needed to check smuggling by the cultivator selling the drug to others than licensed manufacturers.

39. *Seventh.*—The danger from smuggling; how similar danger is met on the Bombay Coast; and what precautions would be required if the pass system were introduced on this side. The possession of opium above a certain quantity, uncovered by a pass or license, would necessarily remain penal as at present; and some additional provision would probably be required for securing the drug while in transit from the cultivator to the manufacturer, and from the manufacturer to the Government scales.

40. The new system would of course be substituted gradually for the old. The Government would thus be able to retire without sacrificing any interest in its outstanding advances, and the market would not be unduly contracted before private capitalists had time and opportunity for supplying by degrees the place of Government. Any sudden change might be followed by disastrous effects upon interests that have grown up on both sides of India under the present system, and which must be respected. Government might withdraw district by district. It might, for example, from the present season, stop advances in the district of Cawnpore and westward. This would be intimated to capitalists, who would thus have the power to enter the field with advances to the cultivators in anticipation of the following year's crop. Meanwhile the Bengal Board would be calling in the out-turn of the crop from the districts in question, raised upon its advances. Thus no risk would arise while the ground was occupied by private speculators *pari passu* with the retirement of Government. In some districts it is possible that capitalists might be found to take over the lien on the crop by repaying to Government the amount of its advances.

41. The manufactories would be under license, and surrounded by the necessary safeguards. The only weighing office required at first would be at Allahabad, where on payment of the pass duty the export stamp would be affixed.

42. I may mention that when the subject was discussed in 1858-59 by Mr. James Wilson at Allahabad, in personal conference with the Board, the chief objection urged by him was that opium without the guarantee and stamp of the Government would be likely to lose its value in China. But this has not been found the case with Malwa opium, which now bears a higher price in the Chinese market than that manufactured by the Bengal Government. It is true that the opiate in the Malwa drug is slightly stronger than the Bengal standard. Still the fact remains that, without any check or guarantee on the part of Government, the private article succeeds in maintaining its place. Indeed, under an export duty, fixed, and not *ad valorem*, the manufacturer must have every motive to secure the highest possible excellence of what is exported.

43. The effect on local consumption and excise must also be considered. With stringent regulations to check smuggling, and an effective system of cultivation under license, local consumption ought not to be stimulated more than under the present system, nor the excise duty materially affected. But on this, as on all other heads, the experience of Bombay would be required.

44. I submit, then, to the President and my honourable colleagues, that the Commission so strongly pressed for by Sir Charles Trevelyan, when in 1864 in charge of the Financial Department, should no longer be denied. Surely a case has been made out to justify at the least inquiry. *Primâ facie*, the change proposed would remove a blemish from the Administration without imperilling the finances. That cannot be an edifying position for the Government to occupy, in which it has year by year to determine the quantity of opium which it will bring to sale, in which there is a constant inducement for it to trim the market, and in which its haste to secure wider harvests and larger returns has repeatedly recoiled upon the trade, stimulated baneful speculation and gambling in Central and Western India, and ended in much misery. I do not speak of the undignified aspect of the British Government growing, manufacturing, and selling the drug,—performing in fact all the functions of producer and speculator. I will merely ask what the impression is upon the mind when we see Holkar performing the functions of opium trader, which are now discharged by the Government of Bengal.

45. The change would relieve the British Government from the odious imputation of pandering to the vice of China by over-stimulating production, over-stocking the market, and flooding China with the drug, in order to raise a wider and more secure revenue to itself,—an imputation of which, at least on one occasion, I fear that we are not wholly guiltless. A few years ago, when the Government of Bengal was straining every nerve to extend the cultivation of the poppy, I was witness to the discontent of the agricultural population in certain districts west of the Jumna from which the crop was for the first time being raised. Where the system of advances has long been in vogue, and the mode of preparing the drug well understood, no doubt the poppy is a popular crop; though even there the system of Government monopoly gives to Government officers a power of interference over those who have once taken their advances, which must be liable to abuse. But the case to which I allude was that of new districts where the poppy had not hitherto been grown, and into which the Bengal Board were endeavouring to extend the cultivation by the bait of large advances among an unwilling peasantry, and at the risk of inoculating them with a taste for a deleterious drug, and all this with the sole view of securing a wider area of poppy cultivation, and thus a firmer grasp of the China market. Witnessing this when on circuit in 1864, the impropriety of the position was to my mind so painful that, as the Governor General may perhaps recollect, I ventured at the time to address His Excellency directly on the subject.

46. By retiring from the monopoly, the Government of India will avoid these and all other unseemly imputations. China wants opium: our traders and merchants are ready to supply it. The license duty will still support the revenue, and thus the action of Government will be that of check, and no longer of stimulus. The fluctuations in the demands of China will be met, in the ordinary course of trade, by corresponding variations in the supply from India. The area of cultivation will be adjusted by the direct action of the Chinese themselves upon speculators and producers, and will no longer depend upon the arbitrary will of the Government.

47. To bring about results so desirable in themselves, and so closely affecting the good name of the British Government, is surely a sufficient warrant for the appointment of a Commission.

The above Minute is the first of a collection of "Papers relating to the Opium Question," published by authority of the Calcutta Government in 1870. This important Minute went the round of the high Government officers in India, and became the nucleus of a formidable collection of official papers amounting to over 350 foolscap pages. It is to be regretted that this valuable repository of information is not in the hands of every Member of Parliament.

Sir William Muir's object evidently was to do away with that existing connexion between the Indian Government and Opium production which he deems immoral. The proposed change of system was opposed by many influential members of the Indian Government on the ground that it would endanger the revenue. The charge of immorality in this mode of raising revenue was boldly denied. In a short Minute signed with the initials H. S. M. we find the denial put thus forcibly:—

"The true moral wrong, if wrong there be, consists in selling opium to the Chinese, and the only way to abate it would be absolutely to prohibit the cultivation of the poppy in British India, and to prevent the exportation of opium from the Native States. The British Government is sufficiently despotic to effect this, and for moral purposes there is no distinction between what a despotic Government does itself, and what it permits its subjects to do. I am satisfied that Sir W. Muir's policy would greatly add to the supposed moral wrong by largely increasing the quantity of opium introduced into China, while the revenues of India would be seriously diminished. I would not therefore base any action on his Minute." Another gentleman, W. R. M., thinks the discussion was "most effectually disposed of by the letter written under Sir J. P. Grant's dictation (1780) of 14th July, 1860, from

the Government of Bengal to India." This letter is printed in the Appendix to the Report of the Select Committee on East India Finance, 1871, page 519; and to do the argument full justice we reprint here the most important paragraphs:—

"4. The objection founded on the imputation of immorality to which the Government is exposed under the present system is of little weight; were the imputation true, this would be a fatal objection, against which no financial arguments could stand; if the imputation could be supported on the foundation of fact with any show of reason, the objection would have weight; but there is neither truth nor show of truth in it; now, at all events, that the importation and cultivation of opium has been legalized by the Chinese Government, there remains no means of putting the imputation into a plausible form.

"5. The Lieutenant-Governor fully concurs with so much of the Board's remarks on this point, as go to show that the distinction, *as a question of ethics*, between raising a revenue from opium by an excise on consumption and a duty on exportation, and raising the same revenue by monopolizing the manufacture, is fanciful and false, whatever the truth may be as to the effect, on the whole, of eating and smoking opium in India and China. No person, whatever may be his views on the total abstinence question, has attempted to draw a moral distinction between the *octroi* on wine and the monopoly price of Government tobacco, to both of which modes of taxation consumers in many continental towns are subject. But the Board seem to the Lieutenant-Governor to over-argue this point, when they attempt to prove that the proposed system of free manufacture would be infinitely injurious and demoralizing in comparison with the present system of monopoly. It is not at all necessary to the Board's conclusion that this argument should be established. It is not professed that 'under the existing system the quantity of opium is checked and limited by Government' on any consideration of the injurious and demoralizing effects of the use of opium; and to claim for this system any superiority on this ground would be to set up, and to set up unnecessarily, an unreal and unfair pretext. The same must be said of the plea in favour of the purity of the drug which is ensured by the present system, as compared with the perniciously adulterated article which it is assumed, contrary to experience in Malwa, would be produced under the proposed change of system. The truth is, that questions such as these do not properly belong to the subject. It is a fact as much beyond dispute, that the Chinese are consumers of opium on a large scale, as that Europeans consume wine, spirits, and tobacco on a large scale. It is also an ascertained fact that supplies of opium can and will be obtained by the Chinese, whether the people and Government of India assist in furnishing these supplies or not. There is no doubt that if the growth of the poppy were to cease in India altogether, the Chinese would still be opium-smokers, and would obtain from elsewhere, at home or

abroad, what supplies of opium they required. This country, however, has a natural monopoly of good and cheap opium. If any one seriously contends that this natural advantage, which Providence has granted to India, should be artificially counteracted by the prohibition of poppy cultivation in this country out of regard for the Chinese, such an argument may safely be left to its fate. If things were left to their natural course India would supply China with the greater part of the opium which Chinese consumption demands. It is the policy of the Indian Government to let things run as nearly as possible in their natural course, whilst it gives the public exchequer the benefit of the natural monopoly in question, thereby avoiding the necessity of equivalent taxation in some more inconvenient form. In doing this, the only duty of the Indian Government is to decide what method is most expedient and most for the advantage of this country. To this point the question narrows itself; and a candid decision in favour of the present system as compared with that proposed, will not be assisted by dragging into the discussion fancied advantages to the foreign consumer, which in reality do not at all enter into the motives by which the fiscal arrangements of India are regulated."

For this straightforward thorough-going defence of the monopoly, its opponents have reason to be thankful. Difficult as it is to comprehend how a man of clear intelligence and high moral character can have failed to see the patent immorality of the opium revenue, it is yet a satisfaction to have the subject cleared of ambiguities and side-issues, and reduced to the plain question of fact: Is the system immoral or is it not? We believe it is. We believe that we can show it to be so to any person whose passionate desire for the prosperity of India, and the easy acquisition of the revenue on which this prosperity is supposed to depend, has not temporarily obscured the ordinary clearness of his mental vision.

Before joining issue on the point of fact, we must remark that we hesitate to concur in the sweeping denial of regard for the welfare of their own subjects on the part of the British rulers of India. Unless we charge them with a degree of hypocrisy quite uncommon, we must hold that the frequent professions by Directors, Governors, and Boards of a desire to see the use of opium restricted in India and Burmah, were prompted by a real conviction of the injuriousness of the drug, and a sincere desire to preserve their own subjects from its baneful effects (a philanthropic sentiment which the smallness of the contribution to the revenue accruing from Indian consumption may have assisted). Whether these gentlemen would have manifested the same benevolent desire to restrain the people from using opium, had the whole or the greater portion of the annual production been consumed within their own dominions,

we cannot say. Even as it is, the desire for increased revenue led in some instances to direct effort to promote the use of opium.²

Allowing the general philanthropy of the East Indian Government, past and present, the fact remains, that in their dominions they have produced during the last ten years, of which we have official returns, more than half a million of chests of opium, of which only 37,160 were for home consumption, the remainder for export. The question before us is this: Is it morally justifiable that the Government of India should by its direct agency call into existence this prodigious amount of a deleterious article, and pour it over foreign lands to the enrichment of Indian revenue at the cost of ruin to the foreigner? It is a satisfaction to enter upon this inquiry with the assurance of our opponents that if an affirmative answer must be given it will be a "fatal objection" to the present system, "against which no financial arguments could stand."

Putting the case of Sir J. P. Grant into our own words, it may be fairly stated thus:—"Assuming that next year Bengal will produce, and China will buy, 50,000 chests of opium, and that the Indian Government will get a revenue of say £5,000,000 from this trade, it makes no moral difference whether the Indian Government is the direct producer of the opium, or merely raises an export duty upon a trade in private hands. The objection of immorality is merely 'sentimental.' The facts and figures being the same, it makes no difference who are the responsible parties." We need not even stay to inquire "as to the effect, on the whole, of eating and smoking opium in India and China." The opium will be grown, the Chinese will consume it, and the Indian treasury will profit by it. Therefore, to inquire whether the opium is to be produced by Government or by private individuals is idle. There is no moral difference involved: the sole question being which method will bring in most money to the Government."

The argument is, that when evil will be done, it matters not who is the doer of it. It is the same thing morally, whether the Government permits private persons to carry on a noxious trade, or itself embarks its own capital and energies in that trade. This argument is so monstrous, that even when fortified by the qualification in the minute of H. S. M., that Government must be "sufficiently despotic to effect" a total prohibition of the trade in question, it could only find acceptance with minds predisposed to welcome any argument favouring a foregone conclusion. What

² Vide Report, East India Finance, 1871 (5097), quoted below in "Indian Opium Revenue," page 14.

but the most audacious impiety will venture to assert that the permission of evil is exactly equivalent to the causation of evil, when evil occurs in the dominions of the only absolutely Omnipotent Sovereign? Have we never heard on the highest authority that "offences must come: *but woe to that man by whom they come!*" To descend to lower levels for our illustrations, every human government refrains from interference with a vast variety of evils which, nevertheless, no sane man would advocate that the Government should itself promote. Gambling and prostitution exist in England. Would our State be no worse if the Houses of Parliament were to create branches of the public service to conduct gambling-houses and brothels, in order to divert the profits of these vices from private individuals to the public treasury? It would be waste of time to occupy more in exposing this false principle. If evil must needs be, better, incalculably better, that the evil should not be the work of the Sovereign, the Government, the magistrate; but that of private persons, who at least do not compromise the dignity of the Crown, the sanctity of law and justice by their wilful proceedings.

Passing away from the false principle which underlies and vitiates Sir J. P. Grant's argument, there is an erroneous assumption involved in it, the exposure of which will make it crumble to pieces. The former Lieut.-Governor of Bengal argued as though the production of the 50,000 chests of opium and the income of £5,000,000 sterling to the Indian Government were fixed and necessary facts. To this the simple reply is, that there is no fixed natural necessity in the case. Bengal will not produce 50,000 chests of opium next year by the operation of a natural law like that of gravitation. If we may, to make our meaning plain, suppose the improbability that this very day our Government should sever itself entirely and at once from the business; in that case, instead of 50,000 chests being brought to market next year, perhaps not so many as 5000 chests would be brought; in fact, something approaching to a complete stoppage of the trade would take place. After Government withdrawal private capitalists might possibly succeed in restoring or even increasing the trade after an uncertain interval, perhaps of three, five, or ten years. But if the Government were to withdraw this moment, next year there would be little or no opium. Does not this make the Government responsibility manifest beyond dispute? How can you pretend to be irresponsible for the effects of your opium, indifferent to the inquiry whether or not it is injuring hundreds of thousands of people, when you are as actual matter of fact solely responsible for all the

Bengal opium now in the market, and mean to be so next year also? There is no natural necessity that 50,000 chests of opium should be produced next year, and that the Government should get £5,000,000 by the sale of them. The land will not grow poppy unless the ryots sow seed; the ryots will not sow seed unless the Government advance the money. Hence, Sir J. P. Grant's argument is convicted of the fallacy of treating a set of circumstances as necessary in themselves, which are in truth the artificial result of human agency; and his plea that the Government of India is exempt from responsibility as to the effects of opium is unsound. Were the trade from first to last in the hands of private capitalists, *they* would be responsible for producing opium; and if opium is, as is alleged, a deadly evil, *they* would justly be exposed to the odium of producing a deadly evil for the sake of gain. All that odium which they would incur, the Government is actually incurring. The Government, therefore, cannot shift the *onus* of proving that opium is injurious upon the opponents of the monopoly. It is bound to satisfy itself that the serious charges brought against opium, which are supported by so vast a body of evidence, are untrue. It is bound to satisfy itself that on the whole the effect of opium is a blessing, or at least not an injury to mankind. Mere neglect to make this inquiry is moral guilt.

Let us now proceed to show the grave practical difference between simply raising revenue by taxation, and the raising of revenue by holding and carrying on the monopoly of a trade.

1. *The producer and merchant are naturally interested to promote the increase of the trade.*

If the export of Bengal opium had been 50,000 chests annually from time immemorial, and were fixed of necessity at that amount to the end of time, Sir J. P. Grant's reasoning would be less open to objection. But in 1831-32 it was only 7500 chests, in 1851-52 it was 32,000 chests, and in 1871-72 it was over 49,000 chests. Who is responsible for this increase? True, if the Government only raised revenue by taxation, it would have had an indirect interest in the increase of the trade. But how much less compromising to its character that would have been than to be chargeable with having *directly promoted* by all the means in its power, not only the growth but the sale of a drug which the Chinese Board for Foreign Affairs describes as "a deadly poison most injurious to mankind," and the effect of which our own ambassador at Peking describes as "many times more pernicious than the gin and whiskey drinking which we deplore at home"! Through a series of years our Indian

Government has carefully studied the Chinese market; it has made experiments to suit the tastes of its customers, it has sent special messengers to China to discover how the trade might be promoted. Let the following extracts from the Calcutta Blue Book of 1870 be perused, and we believe most Englishman will be startled to perceive how thoroughly our Indian Government has become imbued with the spirit of a trading company in its dealings with opium.

(Extracts from) Minute by the HONOURABLE J. STRACHEY, dated Simla, 20th April, 1869.

OPIUM REVENUE.

616. I learn from demi-official letters from Mr. Grey to Sir R. Temple and myself, regarding the prospects of the opium crop, that the Lieutenant Governor thinks it possible that the total quantity of opium available for sale in 1870, from the crop of the present year, may not exceed 38,000 chests. There is apparently no hope that it will exceed 41,000 or 42,000 chests. Admitting that it may, to some extent, be possible to supplement the amount from the crop of 1870, the Lieutenant Governor does not think that we can prudently reckon on being able to bring to sale in 1870 more than 40,000 chests. I presume (though I am not sure of this) that in addition to this quantity, the Lieutenant Governor hopes to be able to secure the necessary supply of Abkaree opium, which is about 4500 chests. Thus the total quantity of opium which may probably be available in 1870 is 44,500 chests.

618. I think, therefore, that the Lieutenant Governor in assuming that not less than 54,500 chests will be required annually for the next few years has made an extremely moderate estimate of our wants. At the same time it is right to say that, so far as I can discover, this quantity is much larger than any which was suggested by the Financial Department as necessary. **There seems to me to have been for some time past a constant and most wise desire on the part of the Government of Bengal to increase the production of opium,** and although the views of that Government have been ultimately adopted by the Financial Department, I cannot pretend to think that the action of the Government of India in the matter has been satisfactory.

619. To give annually 54,500 chests of opium, the Lieutenant Governor states in his letter to the Revenue Board dated the 19th October, 1868, that 790,500 beegahs of land will be required. In the Board's reply, dated the 23rd December, 1868, it was stated that the area of cultivation for which engagements had been entered into for the current season was altogether 762,000 beegahs. There was therefore a deficiency of 28,000 beegahs.

620. With the object of supplying this want, the Bengal Government proposed the reopening of the agencies of Seetapore and

Rohilkhund, and this was sanctioned by the Government of India on the 30th January last.

621. Although the Benares Opium Agent is of opinion that the opium cultivation in these divisions is capable of large extension, and he has been urged by the Lieutenant Governor to extend the cultivation as much as can be judiciously done, it is not anticipated, if I understand the matter rightly, that the increase during the year 1869-70 will be more than 9,000 beegahs. This will give us an additional supply of say 550 chests.

625. It seems to me, therefore, that immediate measures of the most energetic character ought to be taken with the object of increasing the production of opium. No doubt this may lead to present expense, and it is possible that, if we take no extraordinary measure now, the fortunate recurrence of two or three good seasons may relieve us from our difficulties. But the risk that we are running seems to me too serious a one to be accepted. I think that the very least which we ought now to do is to endeavour with the least possible delay to bring up the total area under opium cultivation to 790,500 beegahs, the extent declared by the Lieutenant Governor of Bengal to be necessary for the production of 54,500 chests. I believe myself that we might with propriety go much further, but anything less than this will, I think, be certainly too little. I observe that in the three years ending with 1861-62 opium cultivation was extended from 435,000 to 832,000 beegahs. The provision of opium in 1860-61 was 29,358 chests; it was 39,656 in 1861-62; 49,727 in 1862-63; and 64,269 in 1863-64. If it was possible a few years ago to make so immense an increase of production in so short a time, I should hope that it might be found practicable to make the far smaller increase that is now required in a much smaller space of time than now appears to be contemplated. Whether very much can be done during the present year is unfortunately doubtful, for the season is now far advanced. Still it may not be too late to do something more than has been already proposed. I recommend that the Lieutenant Governor be immediately addressed on this subject, and that he be requested to consider whether measures might not still be taken with advantage, which would increase the area of opium cultivation in the season of 1869-70 to something like the full amount necessary to give an average annual production of 54,500 chests. Even if it be too late now to accomplish this altogether, any increase of cultivation which can be brought about without excessive expenditure will be a clear gain.

626. I think that special inquiry should be made as to the possibility of profitably extending the cultivation of opium in the districts of the North-Western Provinces, in which canal irrigation is available. It seems not improbable that we might thus diminish to some extent the precariousness of production which now causes so much difficulty.

Dated Barrackpore, 22nd April, 1869.

Demi-official from—The HONOURABLE W. GREY, Lieutenant Governor of Bengal,

To—C. H. CAMPBELL, Esq.

639. I have a **telegraphic message** from Simla, urging "that every possible expedient that you (I) approve should be used even now to extend the opium cultivation next season to the utmost practicable extent."

640. From all accounts it is not practicable to do anything more in the Behar Agency. The figures you sent me the other day show the area of cultivation to have been larger in 1867-68 than in any previous year, and Abercrombie seems positive that it cannot be further stretched without taking up altogether new fields of operation.

641. But are you quite satisfied that the fullest possible extension (that is, of course, under existing circumstance, and without an increase of price) is being pushed in the Benares Agency? I see from the figures you sent me that the cultivation of that agency was in 1863-64 358,000 beegahs, which gave the large yield of 51,542 maunds, an average of $5-11\frac{3}{4}$ per beegah. In 1867-68 the cultivation was 265,572 beegahs. If Carnac should see his way to doing anything more than he has done already to extend the cultivation for next season, you need not hesitate to sanction it at once.

Minute by SIR R. TEMPLE, dated 27th April, 1869.

642. On the general question of the opium supply I do not wish to controvert anything which Mr. Strachey has written in his Minute of the 20th.

643. In the general principles on which his opinion is based, I concur.

644. **I am clear for extending the cultivation, and for ensuring a plentiful supply. If we do not do this, the Chinese will do it for themselves. They had better have our good opium than their own indifferent opium. There really is no moral objection to our conduct in this respect.**

645. I, therefore, quite agree with Mr. Strachey in the general policy of increasing the cultivation.

646. But I think that even here caution is required. If we suddenly increased it in every direction, and if after that there ensued a "bumper" harvest, we might have more opium on our hands than we could dispose of, and, inasmuch as we must pay for all that is brought by our ryots, the *expenditure* would be great.

(Extracts from) No. 533, dated 14th May, 1869.

*From—R. B. CHAPMAN, Esq., Offg. Secy. to the Govt. of India,
FINANCIAL DEPT.,*

To—The Secretary to the Government of Bengal.

687. I am directed in continuation of my letter No. 2069, dated

17th ultimo, to address you on the subject of the arrangements that are necessary **for ensuring an increased supply of opium.**

695. (9.) It is impossible not to regard with anxiety the possibility that in consequence of the deficiency of supply, the price next year will increase to such an extent as to furnish a dangerous stimulus to competition with the Indian drug in the China market. If, unfortunately, the crop of next season should be again deficient in quantity, the consequences to our opium revenue might be permanently disastrous.

696. (10.) It is true that a succession of favourable seasons may extricate the Government from its present difficulties, but His Excellency in Council considers the risk of depending upon such a fortunate contingency too great to be accepted. His Excellency in Council is therefore of opinion that the most energetic measures should be taken to increase the cultivation, with the least possible delay, to not less than 790,500 beegahs, as estimated by the Lieutenant Governor, or to 800,000 beegahs.

697. (11.) The Governor-General in Council observes that in the three years ending with 1861-62, the opium cultivation was extended from 435,000 to 832,000 beegahs. The provision of opium was—

in 1860-61	29,358 chests.
„ 1861-62	39,656 „
„ 1862-63	49,727 „
and 1863-64	64,269 „

If it was possible then to bring about so immense an increase of cultivation and production in so short a time, His Excellency in Council thinks that it may be found practicable to effect the far smaller increase that is now required in a shorter time than now appears to be contemplated. It may not be too late to do something more than has been proposed even for the coming season.

698. (12.) Any increase of cultivation that can be obtained without excessive expenditure will apparently be a clear gain. The Government of India thinks that special inquiry should be made as to the possibility of profitably extending the cultivation of the poppy in the districts of the North-Western Provinces in which canal irrigation is available. It seems not impossible that in this way the precariousness of production which causes so much difficulty might to some extent be diminished.

These extracts make it abundantly evident that our Indian Government does not hold the calm, indifferent position of a superior authority laying a heavy tax upon an injurious article the consumption of which it cannot prevent; but, on the contrary, that it enters into the trade with the same eager desire for its increase that a private capitalist would feel. Who does not blush to think that a British Government should be engaged in the sordid pursuit of profits raised from Chinese Opium-smoking dens?

2. *The producer and trader will be tempted to the use of unfair means for the increase of the trade.*

Happily the private trader is generally restrained by the strong arm of the law, can seldom use force to promote his trade, and is confined to such petty acts as lying advertisements, &c. But if the Government falls into temptation, what power shall restrain it within bounds? The whole history of the Opium trade with China is a record in which we hardly know whether to detest most the meanness of the era when supreme authority connived at smuggling while professing to prohibit it, or the abuse of our superior military and naval power, in making them the instruments for forcing this trade upon unhappy China.

An impression has got abroad that those melancholy proceedings belong to a closed chapter of English history. But this is a delusion. The attitude of the Chinese Government and people towards opium has never changed. Their protest has never ceased, though for a time, when unsuccessful war had reduced them to the lowest ebb of their fortunes, it was a silent one. So soon as they began to regain a little strength they renewed their demand to be relieved from the hideous obligation of admitting a drug which they believe is sapping the prosperity of their land. Of this we have clear proof in the testimony of Sir Rutherford Alcock to the Council in Calcutta, the account of which we extract from the same Blue Book.

ADDENDUM TO APPENDIX IV.

CULTIVATION IN CHINA.

Memorandum of a conference held by the Government of India with SIR RUTHERFORD ALCOCK, K.C.B., on the 4th February, 1870.

A Meeting of the Viceroy in Council was held on Friday, the 4th February, 1870, to confer with His Excellency Sir Rutherford Alcock, K.C.B., Her Majesty's Minister and Plenipotentiary at the Court of Peking, upon the prospects of the Indian opium revenue.

There were present, besides the Members of the Supreme Government, His Honour the Lieutenant Governor of Bengal, the Secretaries to the Government of India, in the Financial, Foreign and Home Departments, and the Members of the Board of Revenue, of the Lower Provinces of Bengal.

At the invitation of His Excellency the Viceroy, Sir Rutherford Alcock described to the Council the progress of recent events in China as affecting the trade in Indian opium. The following is an abstract of his statement :—

The right of revising the Treaty of Tien-tsin accrued last year. The British merchants were consulted, and their views were ex-

amined by a Commission appointed by the Chinese (sic) Government, in which Sir Rutherford Alcock was represented. Eventually the British Government decided that a revision of the treaty was necessary.

The object in view was to effect certain commercial reforms, especially to get rid of the transit duties levied in the interior, which are most injurious to trade. To induce the Chinese Government to make the needful concessions, a proposal was, in a way, made to them to double the export duty on tea and silk, and the import duty on opium. In May, 1869, Sir Rutherford Alcock held a conference with the Foreign Board, which is in fact the Imperial Government in its most influential shape. The Board was presided over by Wan Cheeang, by far the most important man in the Government.

Upon the British Minister representing the hostility of the Mandarins and literati to the English, Wan Cheeang and the Board, after parrying the allegation for a time, eventually admitted it, and urged our wars and our opium as quite sufficient to justify it. They proceeded to describe the horror entertained by all good Chinese and by all the influential classes of the effects of opium upon the Chinese nation, and said that real friendship was impossible while England continued responsible for the supply of the drug to the Chinese people.

Sir Rutherford Alcock replied, with the usual arguments, to the effect that, if the people of China would have opium, they would get it from various countries, though India left off producing; and that if England yielded to the demand made upon her, she would be subjected to great loss without in any way helping forward the object of the Chinese Government.

The answer of the Chinese Ministers was to the effect that they would be extremely grateful to Great Britain if she would allow them to try the experiment; and the conversation then dropped.

This was the first official attempt on the part of the Chinese Government to re-open the question regarding the supply of opium by India to China.

After some weeks a remarkable note³ was transmitted to Sir Rutherford Alcock by the Prince of Kûng, in which the representations made at the conference were presented in a developed form for the consideration of the British Minister and his Government. In this paper, of which a copy has been received from Sir Rutherford Alcock, and which he read to the Council, the Chinese Government threaten in no obscure terms, as a last resource, to compete with India by growing opium freely in China, and warn the British Government that, until the importation of Indian opium under the favour of the British Government ceases, the Chinese people will believe that Great Britain is intent upon the ruin of China, and there must be perpetual hostility.

³ Reprinted in our "Indian Opium Revenue," page 21.

No answer was sent to this communication, and Sir Rutherford Alcock was inclined to drop the negotiation. But Her Majesty's Government was anxious to secure the concessions that had been obtained, and so negotiations were resumed, Sir Rutherford Alcock urging the Chinese Government to come to some conclusion before he should depart.

Eventually, it was agreed that no alteration should be made in the export duty on tea, but that a small export duty should be imposed upon silk, and that the import duty on opium should be raised from thirty to fifty Taels. There was no time to consult the Indian Government. The concessions to be obtained were very important to trade, and it was Sir Rutherford Alcock's conviction that if some indication were not given of a willingness on the part of the British Government to consider the wishes of the Chinese Government in the matter of opium, there was every probability of a systematic attempt being made by the Chinese Government to drive out Indian opium by competition from indigenous production, according to their threat.

Upon the whole, he was satisfied that, even in the interests of the Indian opium revenue, the steps taken were the best open to him. Some hope (in the most general terms however) was held out to the Chinese Government that if they would be content with this concession for the present, their representations would receive further favourable attention with a view to some arrangement being made in respect to the opium question satisfactory to both parties; and it was upon this understanding that the Chinese Government were satisfied with the measure.

Sir Rutherford Alcock then read portions of the report of the delegates of the Shanghai Chamber of Commerce, of the reports of the several Consuls, and of Mr. Gubbay, and of an article from the *Evening Courier* (all of which are among the records of the Financial Department⁴) to show the extent to which the cultivation of opium has recently spread in China.

In answer to questions put by His Excellency the Viceroy and others, Sir Rutherford Alcock said that he had no doubt that the abhorrence expressed by the Government and people of China for opium, as destructive to the Chinese nation, is genuine and deep-seated; and that he was also quite convinced that the Chinese Government could, if it pleased, carry out its threat of developing cultivation to any extent. On the other hand, he believed that so strong was the popular feeling on the subject, that if Britain would give up the opium revenue and suppress the cultivation in India, the Chinese Government would have no difficulty in suppressing it in China, except in the Province of Yunnan, where its authority is in abeyance.

He then read extracts from his despatch (copy is in the office⁵) to Lord Clarendon upon the question, and he dwelt upon the fact

⁴ See pages 258 to 270 of this Collection.

⁵ See pages 265 and 267.

that the additional import duty was largely nominal, as the Chinese could impose what transit duties they pleased upon opium, and did impose upon it *very heavy* duties of this kind.

Sir R. Temple inquired whether the Chinese Government would be willing to enter into an agreement for repressing the growth of the poppy in China, upon condition that the Government of India would fix a limit to the amount of opium to be sent to China ; also, whether they would have the power and the will to observe their side of any such agreement. Sir Rutherford Alcock thought that they would be ready to adopt any reasonable proposition, and would be able to carry it out more or less effectually.

He repeated that the Chinese Government did certainly hope and desire that the British Government would agree to some arrangement for giving effect to the wish of China for the discouragement of the consumption of opium by the Chinese people.

R. B. CHAPMAN.

4th February, 1870.

This memorandum of the Conference in Calcutta, when read in connexion with the letter of the Chinese Statesmen to Sir R. Alcock, makes it abundantly plain that up to this very hour the continuance of the opium trade with China is maintained, not by any voluntary assent of the Chinese Government, but against their protest, by the superiority of physical force possessed by the British Government. Only the peculiar nature of the monopoly can explain how this unhappy state of affairs has grown up ; and nothing but a severance of our connexion as a Government with the profits of opium will relieve us from the odious character of armed supporters of the trade.

Having, we trust, sufficiently answered the defence which has been set up for the present system, we conclude by pointing out that there are two distinct relations of this opium question, the confusion of which has involved the matter in a good deal of needless perplexity. The first regards the internal economy of a state, the second its external relations.

I.

If we abolish the monopoly what would you have us do ? Would you permit free cultivation and free exportation of opium ? So ask our opponents ; and we are bound to furnish the self-evident reply, which they could furnish as easily as ourselves were it their interest to do so.

It must be accepted, as a sad but undeniable fact, that human

nature has many vicious inclinations, manifesting themselves in various injurious excesses, for the gratification of some of which articles of commerce are required. Is the Government absolutely to prohibit the production, manufacture, and sale of these articles? Many persons say emphatically, yes; more say, no. Those, however, who dispute the wisdom of attempting to stamp out these excesses, by directly prohibiting all supply of the means of them, are for the most part agreed in the desire to put some restraint upon the excesses. One method of putting this restraint is to make the article more costly through taxation. Wherein lies the difficulty of applying this principle to opium? Whatsoever restrictions upon the cultivation and consumption of opium our Indian Government has hitherto maintained for the sake of the moral welfare of its own subjects may be maintained, after the abolition of the monopoly, in other forms. It is probable that a considerable revenue will accrue to the Government through so doing. That this revenue will equal the present monopoly profit, if a righteous reply be made to the Chinese demands for relief from the oppression they are groaning under, is very unlikely. But, be the revenue less or more, we contend that revenue which incidentally accrues through an honest effort to confine vicious indulgence within narrower limits is attended with no dishonour to the Government accepting it; while revenue arising from the promotion of vice, from a system which directly aims at its increase, is a scandal.

II.

But the actual opium question is rather an *international* one than a question of internal morals.

In this respect it is not of prime importance whether opium is or is not more injurious to mankind than other stimulants: it is enough that the Chinese nation, upon whom we have forced it, believes it to be so. To them it is the "deadly poison." Sir R. Alcock testifies his belief that their Government would unhesitatingly sacrifice every dollar of the million and a half sterling it derives from the drug we compel them to receive.

Now the morality of the Indian monopoly *at home* is one thing, the morality of the international relations which have grown out of it is another. In defence of this last, neither Sir J. P. Grant nor any other has ventured even a plausible argument.

By what right do we prevent the Chinese Government from refusing admission altogether to this hated drug?

By what right do we prevent them from fixing the duty, if it be admitted, as high as they please?

In 1858, when the Chinese Commissioners were convinced that Lord Elgin would insist upon the admission of opium to complete the Treaty of Tien-tsin, they named 60 taels per chest as the duty they would fix. The English Commissioners would only allow 30. In 1869, the Chinese induced Sir R. Alcock to consent to an increase from 30 to 50 taels, which increase, however, was not ratified by Her Majesty's Government.

The Indian Government levies Rs. 600 = £60 per chest on opium shipped from Bombay. It realizes about an average of £90 per chest on its own Bengal opium. The tael being 6s. 8d., the Chinese are only permitted to levy £10 upon each chest. Wherein is the justice of this immense disparity? In the eyes of some it has been the chief recommendation of the Indian Opium Revenue that it is a "tax upon the foreigner." We can hardly expect that this should recommend it to the eyes of the Chinese. If the Chinese Government were to demand to have this matter of dispute referred to arbitration of any impartial tribunal, what chance should we have of escaping an adverse decision?

Before the Chinese make this demand, or before their increasing strength emboldens them to enter upon another struggle with our military and naval power, were it not wise and well to meet their earnest appeal by a frank and Christian answer, and to consent to a conference with their Government as to the best means of relieving them from this terrible opium-scurge?

POSTSCRIPT.

Hitherto, whenever this matter has been before Parliament, in every case the financial difficulty has been the real obstacle to reform. The difficulty, though it has been exaggerated in the heat of rhetoric, seems a formidable one. The opium trade can hardly be dealt with, in accordance with the spirit of this paper, without loss to the revenue being the result. It is not for us to show how that loss may be met, though we may declare our conviction that, as the natives of India are not responsible for the wrong, it would be great injustice to make them pay the penalty. We insist that Government is bound to do right, and it is not for us to prescribe ways and means for replenishing the treasury. But we do not regard the financial difficulty as insuperable. Without committing the Anti-Opium Society to a formal adoption of all its suggestions,

we are glad to print here, for the consideration of members of Parliament, the following important letter from a distinguished authority on Indian subjects, Sir Arthur Cotton :—

Dorking, June 14th, 1875.

MY DEAR SIR,

I regret that I was so knocked up that I could not attend your Committee Meeting. I wished to have brought some points before the Committee with reference to the argument that we cannot do without the opium revenue, six and a quarter millions.

1st.—We must prepare to do without it. For the cultivation in China is so extending that the price of Indian opium must fall. And this is therefore a most pressing question for the Indian Government any how.

2nd.—The present net revenue doesn't represent the loss there would be if opium were not cultivated. We have to deduct from it the amount that would be paid by the same population when employed in other cultivation.

The area cultivated for opium is 750,000 acres, and the population employed, I calculate, about one and half millions.

The net value of this produce per acre is 80 Rupees per annum, and the gross value about 100 Rupees. The gross value per annum of such superior land would be I suppose at present about 20 Rupees (?) as dry land, and 50 Rupees as irrigated.

The taxes paid by one and a half millions at $2\frac{1}{2}$ Rupees, the present average, would be £375,000, which deducted from the opium revenue would leave about £5,900,000 for the loss, if opium were given up. The question then is, how to make up for this loss.

In Madras the three irrigated districts pay a revenue of £600,000 a year, on an average, £350,000 above the average of dry districts, so that seventeen districts so improved would make up the £5,900,000.

3rd.—The population is rapidly increasing, and the Government must keep in view the increased production of grain. As it is the famines show that the production of grain is hardly sufficient.

4th.—Against the opium revenue must be set part of the expenditure in meeting famines, in the last, 6 millions; and probably not less than an average of a million a year ought to be calculated upon as the loss from the mere cost of keeping the people alive, besides all the loss of taxes.

5th.—The revenue of India is steadily increasing, probably at an average of about a million a year, as matters are now conducted.

6th.—The revenue is much above the proper current expenses, including an allowance of a million a year to meet the cost of famines.

7th.—The income of India is rapidly increasing from the extension of irrigation, the investment of British capital in tea, coffee, &c., and the diminished cost of transit by the construction of roads and canals.

About two millions a year are being spent in irrigation, sufficient to irrigate near a million acres, giving an income of produce of at least two millions a year, besides saving in transit on about 1500 miles of steamboat canals.

The Chinese now permit the cultivation of opium, urging, I suppose, that if opium is forced upon them by us, they may as well keep the profit on it, instead of paying it to us. But if we prohibited the cultivation, probably they would stop it too.

In Sir G. Campbell's Adⁿ Report of Bengal, for '72-3, page 309, he says: "The Lieutenant-Governor views with regret the increase, small though it is, which is observable in the consumption of Excise opium." And again: "He is, however, consoled to know that opium is really not largely consumed in these districts." Thus the Governor of the region where opium is produced is himself very anxious that the curse of it should not fall on his own people.

Pray excuse my offering these suggestions.

Believe me,

Yours very truly,

(Signed) A. COTTON.

To the Secretary,

Anglo-Oriental Anti-Opium Society.

